

**Supporting Statement for
Statement on Sound Practices Concerning Elevated Risk Complex Structured
Finance Activities**

OMB Control No. 1550-0111

A. Justification

1. Circumstances that make the collection necessary:

A financial institution may assume substantial reputational and legal risk if the institution enters into a complex structured finance transaction with a customer and the customer uses the transaction to circumvent regulatory or financial reporting requirements, evade tax liabilities, or further other illegal or improper behavior.

As financial intermediaries, financial institutions play a critical role in ensuring the integrity of financial markets and maintaining the trust and public confidence essential to the proper functioning of the capital markets. Structured finance products normally serve the legitimate business interests of customers and are an essential part of U.S. and international capital markets. Financial institutions need effective policies and procedures in place to identify those complex structured finance transactions that may involve heightened reputational and legal risk, to ensure that these transactions receive enhanced scrutiny by the institution, and to ensure that the institution does not participate in illegal or inappropriate transactions.

2. Use of the information:

Financial institutions' policies and procedures should ensure that an institution's operations are conducted in compliance with applicable law and regulations. This is critical to the institution's well being since an institution may face substantial legal risk, including enforcement action by an agency and lawsuits by private parties, if it participates in structured finance transactions that are used by a customer to circumvent regulatory or financial reporting requirements, evade tax liabilities, or further other illegal or improper behavior. The policies and procedures also help the institution avoid reputational risk where the transactions involved are structured to technically comply with existing laws and regulations.

3. Consideration of the use of improved information technology:

Savings associations may adopt any existing technology relevant to producing or retaining the information.

4. Efforts to identify duplication:

There is no duplication. This collection is unique in that it involves policies and procedures specific to a particular institution and appropriate to the types of structured finance transactions that the institution conducts.

5. Methods used to minimize burden if the collection has a significant impact on a substantial number of small entities:

Small institutions are not involved in transactions of this type. Therefore, this collection of information imposes no burden on them.

6. Consequences to the Federal program if the collection were conducted less frequently:

This collection involves only usual and customary recordkeeping and requires no submission to OTS.

7. Special circumstances necessitating collection inconsistent with 5 CFR Part 1320:

Not applicable. This collection is conducted consistent with the guidelines in 5 CFR 1320.5.

8. Efforts to consult with persons outside the agency:

The 60- Day FRN was published on October 6, 2010 (75 FR 61857). OTS has not received any comments.-

9. Payment to respondents:

None.

10. Any assurance of confidentiality:

No assurance of confidentiality is made.

11. Justification for questions of a sensitive nature:

There are no questions of a sensitive nature.

12. Burden estimate:

The collections of information contained in the Statement involve the types of policies and procedures already adopted by the large institutions that participate in developing complex structured finance transactions for customers. The Statement describes the types of internal controls and risk management procedures that the OTS believes are particularly effective in assisting financial institutions to identify and address the reputational, legal, and other risks associated with complex structured finance transactions. The OTS believes that involved institutions already have developed the policies and procedures addressed in the Statement. Thus, the development time for the policies and procedures is usual and customary for any large institution involved in transactions of this type. Further, responsible institutions would update regularly their policies and procedures to ensure that they address transactions appropriately and are adequate for that institution.

OTS believes that 1 savings association could potentially be involved in complex structured finance transaction activities. The number of savings associations that would likely engage in such activities has declined from prior estimates given that several of the large complex OTS-regulated institutions have been consolidated or closed during the current economic cycle. OTS is providing an estimate of 25 burden hours per institution to cover updating the policies and procedures needed regarding these activities. Therefore, recordkeeping burden for this information collection is as follows:

1 recordkeeper @ 1 response = 1 respondent
1 response @ 25 hours = 25 burden hours

13. Estimates of annualized costs to respondents:

Not applicable.

14. Estimate of annualized costs to the government:

Not applicable.

15. Change in burden:

OTS is citing a reduction in the burden due to a reduction in the number of respondents.

16. Information regarding collections whose results are planned to be published for statistical use:

This is a recordkeeping and no data are submitted to OTS. Therefore, OTS has no plans to publish data for statistical purposes.

17. Display of expiration date:

Not applicable.

18. Exceptions to certification statement:

None.

B. Collections of Information Employing Statistical Methods

Not applicable.

Attachments:

- Interagency Statement on Sound Practices Concerning Elevated Risk Complex Structured Finance Activities